

MICHIGAN ENGINEERING INCENTIVE
FREQUENTLY ASKED QUESTIONS (FAQ'S)

1. How was the Michigan Engineering Incentive originated?

In Governor Jennifer Granholm's State of the State Address (January 27, 2004), the Governor addressed the development of a 21st Century Workforce: No Worker Left Behind. ... "And because engineers and technology workers are so important to the Michigan workforce ... we will make zero percent loans available to students in our public universities who pursue engineering and technology degrees. They will keep that zero percent rate as long as they continue to study and work in Michigan."

2. Who offers the Michigan Engineering Incentive?

The Michigan Higher Education Student Loan Authority (MHESLA) is a state agency that participates as a lender and secondary market in the Federal Family Education Loan Program. Only loans that are disbursed or purchased by MHESLA will be eligible for the incentive.

3. What are the benefits of the Michigan Engineering Incentive?

Either payment or reimbursement of the federal loan origination fee and a zero percent (0%) interest rate throughout repayment.

4. What loans are eligible for the Michigan Engineering Incentive?

Junior, senior, and 5th year undergraduate Stafford loans for designated engineering/technology program majors first disbursed on or after August 1, 2005 may be eligible.

5. What majors qualify and who determines majors that qualify?

There is no set list of qualifying engineering or technology majors. Your school's financial aid office must determine if your major qualifies for the benefit.

6. Is there a list of participating lenders?

A list of participating lenders is available on our Web site at www.mistudentloans.com.

7. How does a borrower participate in the Michigan Engineering Incentive benefit?

A borrower must submit a completed *Michigan Engineering Incentive Participation Request* (form 4295). The form is available on our Web Site at www.mistudentloans.com. You may also request a form be mailed to you by contacting MHESLA at MHESLA@michigan.gov, by phone at 517-373-3662 or toll-free at 888-643-7521.

8. When do I apply for the Michigan Engineering Incentive benefit?

You should apply for the Michigan Engineering Incentive benefit at the time you accept the financial award package from your school. The completed Participation Request must be received by MHESLA prior to the end of the loan period or your request will be denied.

9. Do I have to pay the interest on an unsubsidized loan while in school?

To keep your debt at the lowest amount possible, it is recommended you pay at least the interest as it becomes due. However, you can elect to leave it unpaid while you are in school and during your grace period. Any outstanding interest will be capitalized (added to the principal amount due) when repayment starts. This will increase your loan amount and interest accrual that you will pay.

10. How does a borrower maintain Michigan Engineering Incentive eligibility?

To maintain program eligibility, borrowers must remain current during repayment with monthly on-time payments or through the use of deferment and/or forbearance, and must live and work in Michigan.

11. How long do I have to live and work in Michigan?

You must live and work in Michigan for the entire period of time that the loan is in repayment.

12. What happens if a loan becomes delinquent?

If the loan becomes delinquent, it is ineligible for future Michigan Engineering Incentive benefits. The interest rate will be increased to the current statutory rate and interest begins to accrue as of the date of the delinquent payment, and will continue to accrue from that date forward.

13. If my loan loses eligibility for the Michigan Engineering Incentive, is it eligible for the Michigan Students First benefits?

No. Your loan can only be set up to receive the benefits from one of these programs.

14. Can I consolidate my Michigan Engineering Incentive loans?

Federal Consolidation Loans do not qualify for the Michigan Engineering Incentive. Therefore, borrowers who include loans eligible for the Michigan Engineering Incentive in a Federal Consolidation Loan will lose the zero percent interest rate benefit. In addition, the statutory interest rate, and not the zero percent interest rate, will be used to calculate the consolidation loan interest rate.